*** D R A F T ---- W O R K I N G C O P Y O N L Y ***

SOME THEORETICAL AND PRACTICAL ISSUES IN COMPARATIVE HOUSING ANALYSIS:

System-Dependent and System-Independent Issues
and
Twenty Questions for Practical Research

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SOME THEORETICAL AND PRACTICAL ISSUES IN COMPARATIVE HOUSING ANALYSIS

The Purpose of Comparative East/West Studies: System-Dependent and System-Independent Issues

The single major contribution that a comparative East/West[1] study of housing policies might produce is to clarify which problems are system-dependent and which are system-independent. By system-dependent I mean problems whose existence is determined by the particular system in which the situation occurs. By system-independent I mean problems which will exist in much the same way, and have much the same result, regardless of the system in which they exist. By system I mean what has been variously called social formation or mode of production;[2] among the industrialized countries, I take the East European countries, for instance, to have a different social system than the countries of Western Europe.

Examples: the problem of inequality is system-dependent. It is certainly inherent in capitalism; it is, at least theoretically, not inherent in socialism in at all the same form. The problem of expression of user needs is system-dependent; such needs are shaped differently in different systems, and

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1. I use the terms "socialist" and "East European" interchangeably for practical reasons, although the equation is imperfect; there are disputes about "degrees of socialism" and even the definition of that term, and there are countries, e.g. Cuba, China, the socialist countries of Africa, and places in other periods, e.g. the Paris Commune in 1870, Vienna and Berlin in the 1920's, the lessons of whose experience it would also be useful to bring into play. I use the term "West" only as contrast to "east;" certainly Japan and several other Pacific rim countries should be included.

2. Marx' formulation is: "The essential difference between the various economic forms of society, between, for instance, a society based on slave-labour and one bsed on wage-labour, lies only in the mode in which this surplus-labour is in each case extracted from the actual producer, the labourer." Capital, vol I, New York, International Publishers, 1967, p. 217. This is not the only possible formulation, and there is disagreement as to its application in the present context, but it is a useful working statement for our purposes.

the mechanisms for their expression are driven by different forces.[3] By contrast, the problem of changing housing needs as households change and age is system-independent. Certain physical characteristics of efficient production, of materials, etc., are obviously system-independent.

The same distinction between system-dependent and system-independent can be applied to housing policies as to housing problems. A policy encouraging industrial firms to provide housing for their workers is system-dependent; the ownership and control and motivations of firms are different in socialist and capitalist societies, the control of land is different, the relationship between enterprise and state policies is different, etc. On the other hand, a policy providing payments to households whose size has been reduced to vacate units too large for them deals with a system-independent problem; changes in household size over time create a mismatch of households and units in any society, older households are generally reluctant to move in any society, incentives must be tailored to the particular needs of the affected households in any society.

The distinction between system-dependent and system-independent is of course not a pure one. All policies are system-dependent, in the sense that they operate in a context which affects their results. All policies are system-independent in the sense that all human beings have fundamental similarities and react in fundamentally similar ways to similar stimuli. The question however is whether the specific differences between the East European/socialist countries and the capitalist countries are central to the differences, or simply marginal factors.

As it affects consideration of pending policy decisions, the same point can be made in a different way. A major contribution which a comparative analysis of housing in capitalist and socialist countries can make to countries on different sides of the comparison is to clarify what components of "the housing problem" arise from the particular characteristics of that system and what problems are inherent in any system of housing supply and distribution. To be

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3. See Hypothesis 10 below.

efficient, just, and democratic housing system. I believe posing the question as "market vs. state" clouds the issue and impedes analysis.

Let me proceed in four steps: first, to clarify the difficulties of the "market vs. state" formulation; then to focus on the precise policy-relevant questions to which we ultimately seek the answer (and those that are, however important, for now secondary to the inquiry); then to make these questions concrete by laying out what might be a Research Agenda for a comparative inquiry (in, unfortunately, 17 parts!); and finally, to venture some hypotheses as to what a comparative study might show, simply to provide a stimulus to evaluate the Research Agenda questions and to see if they indeed will provide us with the information we need to address the policy-relevant questions.

The Fallacy of "State vs. Market: What Does "Market" Mean?

"State vs. market" as a formulation of the policy issue in housing in East European countries, and in capitalist countries as well, is a conceptually fallacious statement. Because of the heavy ideological baggage it bears--the idealization of the market by conservatives in capitalist countries, the political agendas presumed to be linked to "state" and "market" in socialist countries--lack of clarity can have serious real consequences. Over-simplified dichotomies like "public vs. private" or "collective vs. individual" seem to me to have similar weaknesses.

The first fallacy is that state and market (in any sense of the term; definitions below) are separable components of a housing system, existing independently of each other if side by side, and the related fallacy that the market is the "pure" form of the housing system in capitalist countries.[7] fact, virtually every decision made about housing in countries such as the United States, Great Britain, or the Federal Republic of Germany are critically influenced by governmental policies. The location of housing, the method

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7. I am not yet prepared to say whether seeing the state as the "pure" form of a housing system in a socialist society is a fallacy.

of its construction, who it will house, how much will be paid for it, how it will be financed, who will build it, what amenities it will include, are all determined in large part by governmental actions. That is not to say that private economic interests are not decisive in each of these areas; it is to say that the decisive actors are also likely to use governmental as market mechanisms to implement their decisions.

Two better ways of distinguishing between what might be the heart of a socialist housing system and what might be characteristic of a capitalist one might be found in looking at 1) who--what groups, classes--are involved in making decisions as to housing supply and distribution, in what relations of power to each other, and 2) to what extent is the profit motive involved in the production and distribution of housing, to what extent is housing treated as a commodity. We explore both of these questions further below.

The second fallacy is that, to the extent that "market" and "state" are relevant categories,[8] their role can be seen by examining the relative weight of each in the production of housing, or that that weight can be usefully represented in the numbers of housing units produced in each sector, and that reasonable conclusions can be drawn from such numbers. But the substance of what happens both in the government and the private sector can be very different even though the respective sectors are of similar size in two countries. Government may play the same proportional role in two economies, but the policies and priorities government implements may be very different in the two. By the same token, the market may be used as the mechanism for the same range of decisions in two countries, but the actors and the resources available to them and their access to power may be so different that the mere statement that the market is of comparable size says very little.

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8. The discussion here focuses on "market," but query whether to use the word "state" in similar manner referring to the Hapsburg state, 18th century Russia, Western Europe today, and Hungary today, is not equally fallacious, neglecting the entirely different class structures the state representss/reinforces in the different cases. See Szelenyi, Amsterdam, p. 13.

A better way of beginning a comparative analysis would be to separate out and define clearly those areas of decision-making in housing that are considered key, and then to examine separately in each area by whom and the way in which, in what arena, decisions are made. The institutional structure will be found to influence the distribution of power and the way it is exerted, but the reverse will be even more true: institutional structure, governmental vs. market forms of action, are more a product than a determinant of the distribution of power.

Public vs. private, collective vs. individual, seem to me dichotomies equally over-simplified and misleading in speaking of housing policy, if they are taken as adequate substantive descriptions of fundamental cleavages. Public actions serve private ends, are initiated by private individuals and groups, have private results; collective actions may be public or privately undertaken; individuals may be more individually served by public or by private mechanisms. A self-built house[9] may be privately built, with public subsidies, with collective help, under state regulations; a private factory may produce collectively very non-individualized units; a publicly-owned factory may produce units for private sale, either to individuals or to collectivities. Ivan Tosics speaks of the tenant of a publicly-owned flat as "inside the market" because they can exchange their flats for others or for an owned flat.[10] The whole set of dichotomies that pervades some aspects of comparative work on housing policy needs careful examination.[11]

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9. The term "self-built" itself is an ambiguous one. In the United States, it is generally taken to mean built substatiallly with the occupants' ownlabor. in other usages, it means built with the occupants' own capital, e.g. in Hungary in 1983 more than 12% of "self-built" housing was prefabricated. Tosics, Glasgow, p. 11.

10. Glasgow, p. 7.

11. "I use the term... 'public' for housing forms which were financed and constructed by the state and/or institutions closely connected to the state..." Tosics, Glasgow, p. 4. Such a restrictive definition is possible; it would exclude much housing conventionally known as public housing in the United States, which was built privately and financed by quasi-governmental bonds sold privately.

The term "private" is also sometimes used as describe a sphere separate from the state. But that is a concept susceptible to different meanings. If it is intended to describe that sector of the economy that is driven by the quest for profits, then self-help, or activities for own use, are not private.[12] At the same time, within the private profit-driven sector there are many conflicts, between builders and land-owners, builders and managers, landlords and financial institutions, contractors and builders, etc.; each form of withdrawal by the state from a particular sector in favor of private interests favors a different private interest. But the term "private" may also be intended to denote the separate sphere of the individual as a user, a consumer. In this sense, every individual has a private interest in his or her housing regardless of state policy; the question is more one of personal privacy rather than economic privatization. Expansion of the private role may then mean expansion of the user's role, promotion of real consumer sovereignty. No one meaning of "private" is more correct than another, but the particular meaning intended should be clear and consistently used in our research.

The Meanings of "Market"

The term "market" appears in so many public pronouncements, however, that its use is unavoidable here. Let me draw some distinctions. "Market" may mean:

I. a system of production of housing for exchange, in which the desire for profit is a chief motivating factor on the part of those controlling production.[13] In this sense (and in this sense only) the market is a characteristic feature of a capitalist housing system. Profit may mean

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12. Use of the term "recommodification" to describe the increase in self-built housing intended for own use suggests the degree of confusion, at least if the concept of "commodity" is to retain any meaning.

13. The Marxist use of the term "market" is clearly narrower than this; it may or may not be the sense in which some in East European countries use the term, but it is certainly the way in which many in capitalist countries use it.

A. profit in the process of producing housing (physical construction, rendition of housing services) through the exploitation of labor, the appropriation of the surplus created in production;

B. profit in the distribution[14] of housing (selling, renting, exchanging) by receiving more than has been paid, the profit from speculation in its classic sense.

II. a system for permitting the sale or rental of housing (and the components of production of housing, including housing services) at some figure determined by supply and demand. Such transactions may

A. only involve private parties, or

B. the state may be a party.

III. a system for pricing housing in such fashion as to permit the implementation of buyer/user choices. Such a system may

A. involve pricing at nominal figures, or at resource costs plus profit, or at real resource cost (e.g. hiring labor, buying materials, renting a unit, obtaining maintenance services);

B. be aimed at allowing the expression of consumer preferences and the exercise of choice in housing consumption, and/or the freedom of producers to buy goods or hire labor by price;

C. be limited to a bartering exchange, i.e. excluding the transfer of money,[15] or permit such a transfer.

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14. Tosics suggests a market in "redistribution" only, as a subcategory, aparently ruling out the initial sale.

15. As in the exchange of Council housing in Great Britain. The same limitation apparently also applies to "tenure exchanges" in Hungary, as to which Tosics says: "'To sell a rented flat' means that the renter can exchange it for an owner occupied flat..." Glasgow, p. 5. But that flat is thereafter

IV. the absence of a state role in housing,[16] the most extreme definition, considering it a diminution of the market if the state plays a role as an actor, even on the same terms as private actors, in any aspect of housing, or if the state regulates or influences any aspect of the production, distribution, or use of housing. Under this definition any form of self-help in housing is a market activity.

I propose in this paper to use the term "market" in the sense of I. above; when the term is in quotations, it is because the precise definition needs by be further specified. The terms individual, collective, private, and public are used as descriptions of legal forms or institutional arrangements, whose substantive meaning needs to be further specified, when those terms are used below.

The Underlying Questions to be Addressed

What is it precisely, then, that we wish to learn by a project for "Planned Comparative Research on East European Housing Policies?" I suggest three questions, in increasing order of specificity.

I. What are the causes, and what are the consequences, of the different housing policies that have been adopted in the socialist/East European countries to date?

Among the causes, we are interested primarily in:

A. What have been the decisive governmental housing policies? What non-housing policies have directly influenced housing results? Apparently a simple question, but not so clear, at least to an outsider, in the East Euro-

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apparently freely saleable.

16. "..policies involving less state spending (these types of policies are known as "market-type" solutions in Hungary)." Tosics, Glasgow, 1987, p. 2.

pean context. In much of the literature there is a surprising gap between formulations about "the adoption of a policy" and the results in housing. Citations to legislative acts, to administrative decrees, to budgetary changes, to different allocations in a particular plan, are rare. Just how a policy change is implemented is sometimes difficult to see. The assumption is often that the implementation is entirely in line with the policy decision, but experience in other countries suggests that is rarely the case.

The focus needs to be on all government policies affecting housing, not only on "housing" policies; decisions as to the relative importance of different sectors of the economy must come into consideration also. Issues outside of national governmental control, e.g. long-term national or international economic upturns or downturns, natural disasters, the international division of resources, are relevant as context, not as primary subjects of inquiry.[17]

The purpose here is to identify the particular policy choices that lead to particular consequences.

B. Why have those policies been adopted? A highly developed conceptual apparatus, and much empirical work, has been done to answer this question as to capitalist housing policies.[18] The new urban sociology has accounted for major advances in the field; Marxist and neo-Marxist writers

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17. Although care should be exercised in simplistic assumptions about the relationship between economic crisis and housing policy; housing policy has been used in capitalist countries as a "counter-cyclical" tool, and decisions as to what state budgets to cut in an economic crisis do not automatically suggest housing as central, although possibly governments believe they do (see Tosics, Glasgow, p. 15.). Relative cuts still need to be examined.

18. For a brief overview, see Marcuse, Peter. 1982. "Building Housing Theory: Notes on some Recent Work," in International Journal of Urban and Regional Research, vol. 6, No. 1, pp. 115-121, and Marcuse, Peter, 1982."The Determinants of State Housing Policies: West Germany and the United States," in Norman and Susan Fainstein, eds., Urban Policy under Capitalism, Beverly Hills: Sage Publications.

have made major contributions. Much less has appeared along these lines as to policies in socialist countries. Yet the questions are every bit as important. As Ivan Tosics has pointed out, the socialist countries, starting from a very similar approach and set of policies in the late 1940's and early 1950's, have developed quite different current policies. How are these variations to be explained. The focus here must be on why particular policies were adopted at particular times, because of what constellation of political, social, economic, international forces. How system-dependent such "why's" can be can be illustrated by a simple example: the reduction in state construction of public housing seems similar, in the 1980's, in the United States Great Britain and in many East European countries; yet in the Western case it represented a victory for the traditional policies of the traditionally dominant groups, in East Europe the reduction was taken in exactly the opposite way.

In the analysis of housing policy in capitalist countries we are accustomed to examine a range of factors that shape such policy, having little to do with "solving the housing problem." We are on guard against the unthinking adoption of the "benevolent state" myth; there is not, and probably cannot be, any simple correlation between "housing needs" and "housing policies" in any society today. Whether that guard is necessary in the analysis of socialist housing policies is an empirical question that needs to be examined.

The purpose here is to help establish what the realistic range of possibilities today may be.

Among consequences, we are interested primarily in:

C. What have been the housing results of those policies? The focus is on the impact on the quality and quantity of the housing supply and the extent to which housing needs in general have been met, and at what cost, in terms both of resources used and the satisfaction of other needs. The purpose here is to focus on what surely ought to be one of the primary goals of governmental policy: the satisfaction of housing needs.

D. How have those policies affected social (societal) relations? The focus is on social equality and social justice and social relations generally.

This is traditionally a central concern of sociological inquiry, and an important expressed goal of the governments of the countries under consideration.

II. Based on the answers to Question #I, what are the alternatives (including continuation of current policies) available for guiding housing policies in the East European countries today?

III. Within that range of alternatives, what are the likely consequences of the expansion of the "market" or "private sector" (in quotes, because of the definitional problems discussed below) in the two areas of housing provision and social relations?

To these three questions, I would add a fourth, which is particularly relevant to those of us from outside East Europe who hope to make a contribution to the comparative work based on work in our separate countries:

IV. What lessons, if any, can be drawn as to the likely consequences of any of the alternatives being considered in East European countries from the outcomes of similar policies under the conditions of capitalism?

(I might add parenthetically that there are a number of other questions that might also be explored, but which appear to me less central to the concerns of the present group. For instance:

** To what extent is one or another policy consistent with the theoretical tenets or expectations of Marxism-Leninism?

** To what extent does increased investment in housing increase productivity and contribute to economic growth?

** What level of equality and what definition of justice are the most socially desirable?

** What political repercussions will the choice of any given policy have?

** How do national cultural characteristics condition the desirability of a given policy?

** What will the likely impact of changes in the international economic order be on housing policies?

Each of these seem to me important questions, needing to be remembered in the course of our work, but in themselves so large and so different as to require an additional research effort to be properly pursued. Perhaps we should devote some time to just how we want to handle such questions.)

I would like in this paper to consider theoretically some of the key categories that are involved in the foregoing research agenda, with a particular eye towards definitions that can be sensibly used in both East European and developed capitalist countries.

Twenty Questions for a Research Agenda[19]

Let me pose what seem to me to be some specific and concrete questions that need to be addressed if comparative research is to illuminate the above problems.

1. Has "the market" expanded in the production or in the distribution of housing, or both? It could mean either in any combination. State-built housing can be sold on the private market; privately-built housing can be bought by the state and distributed by it; privately rented housing can be allocated by price or by the state, and if by price, can be subsidized or not. If "the market" is expanded in one area but not the other, how does that fact impact the consequences?

Most of the discussion seems to focus on the distribution side; the role of "the market" on the production side may be equally critical. If an individual or private firm may only own a single house, or if a private housing pro-

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19. This section builds on the concluding discussion in Ivan Tosics' "Basic considerations for a planned comparative research on East European housing policies," May, 1989.

duction unit can only employ a maximum of 16 workers,[20] that can have a decisive effect both on production and on distribution of housing.

2. Has expansion of "the market" led to prices approximating the resource costs of supplying housing, either for new construction or for the maintenance of existing housing? To what extent have prices remained under state control? Are the underlying directions determined by supply and demand? Have the resulting prices affected either the way factors of production are allocated in producing housing, or the way consumer preferences are reflected in the distribution of housing?

Has a market in the sense of either Definition II or Definition III developed?

3. Has expansion of "the market" in housing meant increasing the role of private profit in housing construction and/or production of housing materials and/or in housing distribution and/or in housing management? It could mean any combination of these, or none. Housing can be built for profit, distributed by the state, or built by the state, sold to buyers free to resell for profit. Housing can be managed by the state, or the state can subcontract to private management firms which seek to make a profit; individuals can be permitted to build for their own use without a profit, or for the use of others with a profit. Both tax laws and price regulations could, if desired, permit market profits regulated by state action.

Has a market in the sense of Definition I developed?

4. Has the expansion of "the market" been accompanied by any changes in the "non-market" housing sector? Is the expansion of one paralleled by, or even caused by, the contraction of the other? Do the two run independent courses in a stable and non-competitive fashion,[21] or do they decisively

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20. Kovacs, G. J. 1986. "Job-Creating Capacity of the Private Sector in Hungary Between 1981-1986," Acta Oeconomica, vol 37, p. 346.

21. See Szelenyi's recommendations in this direction, Amsterdam paper.

influence each other?

Has a market in the sense of Definition IV developed?

5. Has expansion of "the market" in housing meant increasing the scope of consumer preference, individual choice in housing use?

i. Consumer choice may be possible without either changes in the role of profit or the role of the state; self-management, for instance, is consistent with production and distribution either through the state or privately; facilitating the exchange of units, either as barter or with non-speculative prices, is compatible with widely different systems of production or initial distribution. And the political system of course ultimately is sensitive to consumer preferences, if only indirectly and sometimes painfully. To what extent are consumer preferences manifest in the housing system?

ii. For whom is consumer choice expanded by expansion of "the market?" The market responds only to effective demand, demand that has behind it the financial ability to purchase that which is demanded. Effective demand is thus a function of income and wealth. How does the level and distribution of income suggest effective demand will be distributed if the role of "the market" is expanded?

iii. Has the expression of consumer preferences for non-housing goods as opposed to housing goods been influenced by variations in housing policy? If a price mechanism is used to permit such preferences to be implemented, that can be done either through state distribution based on price or through private distribution using price and permitting profits. In either case, is the allocation of total resources based on such consumer preferences, or is some minimum level of housing consumption established as a matter either of policy regarding healthful living or as a measure promoting equality?

6. In policies for the distribution of housing, what principles of social equality are pursued? Are the results congruent with the expectations? "The market" (in the distribution of housing) will in general reflect the existing distribution of income; is that distribution taken as socially appropriate,

and should the distribution of housing follow it? Or is policy regarding equality intended to provide a minimal guarantee, with differentiation only above that guarantee? Does social policy place value on the inheritability of housing, or its assignability within family units?

The allocation of subsidies is an initial measure of the impact of housing policies on social equality. Taken into consideration must be:

i. Construction subsidies (if construction costs for all housing are born by the state, i.e. not included in the rent);[22]

ii. Interest rate subsidies either to builders/landlords passed through to tenants or to owner-occupants/self-builders;

iii. Subsidies for (or no charges for) maintenance, repairs, improvements;

iv. "Demand-side" subsidies, i.e. housing allowance, vouchers, rebates;

v. Preferences in tax treatment.[23]

In all cases, if subsidies are equally distributed to all, the distributional effect is progressive, low income persons get proportionately more; but the effect is not as progressive as if the subsidies were to be inversely related to income, with higher income persons receiving lower subsidies (being charged more) than lower income persons.[24]

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22. True in all East European countries?

23. The income tax deduction for home owners in the United States, for instance, is a subsidy.

24. Income tests for eligibility, such as were introduced in Hungary in 1971 for deep-subsidized flats, are an example of more progressive subsidies. There are however arguments, both as to the practical consequences and the theoretical implications, against income-testing.

7. Admissions policies, how housing units are allocated, are another way in which social equality may be furthered or retarded. Much can be told by how priorities are established among those on the waiting list. The famous Szelenyi-Konrad analysis of 1969 focused on allocation policies, with important results suggesting that such policies furthered social inequality.

8. Housing policy can serve many non-housing purposes, from increasing gross production to saving foreign currency to absorbing domestic savings to increasing or decreasing demand for other consumption goods to controlling inflation. Have particular policies had such non-housing objectives, and if so has expanding the role of "the market" furthered or retarded such objectives?

Non-housing purposes may include:

i. increasing gross production (example: Poland today?)

ii. stimulating particular branches of production (heavy industry, import-oriented)

iii. improving foreign trade balances by import substitution

iv. soaking up savings to reduce inflationary pressures

v. shifting demand from other consumer goods

vi. implementing a desired pattern of urban or regional distribution

9. The allocation of land among alternative uses is a prime issue in the planning of housing. Is that function at question in the market vs. state debate? If prices are used as a mechanism for such allocation, may private profits also be made from sale of land, a possible but not necessary corollary? If profit is to be allowed, is a distinction drawn between speculative and non-speculative profit?

10. Has it been a major goal of housing policy to tap unused resources (including labor) in the production or maintenance of housing? If so, is "the market" seen as a means to that end? Is the use by an owner-occupant of self-labor for own use considered a part of "the market" (under Definition IV only)?

i. Whose labor is to be brought into play? The labor of residents, by facilitating self-help? The labor of craftsmen, by facilitating additional ("over-time") work? The labor of entrepreneurs, by permitting the accumulation of profits? The possible variations are wide: "the market" may serve this purpose if an occupant can make a speculative profit on labor invested in housing, i.e. building and selling at a profit; it may also serve that purpose if an occupant can simply obtain the use-value of his or her own labor in building or improving the occupied unit; and it can serve that purpose if labor can be more flexibly devoted to housing work at accepted rates of pay.

11. How closely is the informal economy linked to the private production of housing?

i. The two are often assumed to go hand in hand, but either can in theory exist without the other. Is either the dominant of the two, pulling the other in its train? Have (would) changes in one influence the functioning of the other?

ii. Expansion of "the market" in the production of housing can also have impacts on social equity, e.g. permitting accumulation of capital. This has apparently been the case to only a very limited degree in socialist countries. In capitalist countries it has lead to major accumulations of wealth by private housing developers;[25] have there been similar tendencies in East Europe?

12. Has an increase in diversity been an objective of housing policy, with "the market" seen as a way of achieving it? Is diversity per se desired,

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25. Some 33 of the 200 richest persons in the United States have made their money in real estate development.

or is diversity a reformulation of the goal of choice, with an assumption about the variety of individual desires? Can diversity, i.e. in architecture, be achieved in a planned system? Can non-price competition contribute to diversity? Has decentralization of governmental decisions been a policy used towards this end?

13. "The market" may be seen as a mechanism for planning the allocation of resources in a rational and flexible fashion. This is traditionally held by classical economists to be a chief function of the pricing system. Has "the market" effectively determined, say, the quantities of each type of building material to be produced? To what extent has it (or is it expected or desired to be) substituted for planning, where substantial sectors of production are not price-responsive? Does pricing necessarily imply profit? Can pricing be used to supplement and/or inform planning by the state?

14. Has it been a purpose of housing policy to increase efficiency by reducing bureaucracy? Decentralization may be accomplished with a state apparatus, as well as by "the market;" the latter requires some regulatory bureaucracy also, perhaps functioning, net, with some frictional inefficiency also. Is the role of the local government a variable in making state decisions?

15. Along what lines are the social divisions which are reflected/accentuated by housing policy?

i. As regards causes, the question is as to what groups have the power to make decisions. We are accustomed, in analyzing housing policies in capitalist countries, to see them determined by class relations and the distribution of power among classes. That is of course a simplification; within the structure of classes different sectors, different interest groups, different ideologies play a significant role:

> real estate interests, financial institutions, wealthy residents, working class residents, unemployed residents, builders and developers, construction workers.

In the East European situation, the categories to be used require separate examination in each country for their impact on housing policy:

The Ministry of Housing, Ministries of Heavy Industry, the political leadership, unions, residents organized geographically, governmental employees or political leaders or employees in their residential interests, rural residents, housing construction enterprises,

may all be important.

Case studies of the decision-making process would be invaluable here; are they feasible?

ii. As regards consequences, one can of course separate the ill-housed from the well-housed, and ask what characteristics identify each group. But are the lines of division by income? By class position? By family background? By race or ethnic origin? By age? Each of these potential dividing lines needs to be the subject of empirical research in each country to determine which are relevant.

iii. The respective positions of power (as well as quality of housing) of different groups may be differently affected by expanding the scope of "the market." Power may be affected both by changes in the production and in the distribution of housing. Have such changes appeared? Have patterns of power been produced by "the market" that are different from those produced by state allocation?

16. To what extent are the role of the state and "the market" in the housing sector paralleled by their respective roles in the economy as a whole? In those sectors of the economy relating directly to housing? Superficially an analogy might be made between, e.g., Great Britain and Hungary, in each of which the public sector provides a large part of the housing for the working class. Yet in one the situation is housing is an exception, in which the public sector in housing is carved out of a dominant private profit-motivated economy, and in which in particular the production and use of land, of building supplies, of financing, of consumer goods, of fuel, are all controlled in the market; in the other case, these are all controlled by the state.

17. Tenure distinctions can play a major role in social stratification, and may make some financial difference, even when the precise legal dif-

ferentiation of the forms per se is fluid.[26] To what extent does the form per se matter, and why? Is the tenure form simply a useful index by which target groups for particular policies may be defined, i.e. "owners" of cooperative units vs. "renters" of a publicly-owned unit, so that legal rights and responsibilities are similar but policy treatment different? Do the differences in form carry an ideological baggage?[27]

18. Has the level of decentralization of state actions had an impact on the housing results? History suggests it does;[28] if so, the differences in relationships at central and local levels need to be explored.

19. Generalizations about housing policy often ignore the existence of very different "submarkets" in housing (the term is particularly anomalous here, because those with whom social policies are the most concerned, those with the lowest incomes,[29] are not effectively in any market at all). Do conclusions drawn about the consequences of particular policies have to dis-

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26. "...statistical evaluations based only on the tenure structure are not suitable for drawing well-founded conclusions." Tosics, Glasgow, p. 5. In Hungary, the right to rent a state-owned flat may be inherited; in New York City, so may the right to a rent-controlled apartment. A state-owned flat may be sold or exchanged today in Hungry, but not in the United States. The "refund of access payments" arrangement, as I understand it, amounts to the state "purchasing" its own unit back from its occupant--should its occupant then be considered a "tenant" or an "owner?" See Tosics, Glasgow, 22.

27. "...renting is much more stigmatized compared to owning in Britain than in Hungary." Tosics, Glasgow, p. 9.

28. Tosics, Glasgow, 12, for instance: decentralization brought "state allocation closer to social distribution."

29. The classic case is of course the homeless in capitalist countries, those living on the sidewalks or in emergency shelters (caution: the term "homeless" is used in a different sense in East European discussions, were it means those with housing but not in units by themselves, a broader definition than is generally used in the United States. See Marcuse, Peter. 1988. "Neutralizing Homelessness." Socialist Review, 88:1, pp. 69-97.

aggregate the findings by income? by size of community? by region? by ethnic or religious affiliation? by political position? by age? by gender?

20. Is the introduction of "the market" intended also to deal with a problem of misallocation of existing housing? The issue is known in all countries: small families are in large units, large families in small ones; well off households occupy low-cost units because they are a bargain, poor families struggle to meet costs in more expensive units; people have good housing in locations they do not wish to be, or cannot move up or down the quality scale as they wish. Has the introduction of "market" measures meant an increase in mobility, and facilitated a better allocation of existing housing? Have other measures (subsidies, buy-backs,[30]) had a significant influence?

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I take these questions to comprise, in effect, an initial research agenda for housing. Each can be reformulated in terms of the type of empirical evidence likely to be available to answer it. Their use may help to steer research between the twin perils of academic research: pure description, on the one side, and untheorized and concealed assumptions on the other.

Some Initial Hypotheses

Let me conclude with some very speculative hypotheses, only very gingerly and tentatively put forward at this point to stimulate discussion:

Hypothesis 1: Concerning profit and efficiency.

Increasing the role of personal profit will create an increase in efficiency. It will do this in two ways: by providing additional positive incentives for some, and by increasing the level of exploitation for others. In the long run it will increase the total surplus. but offset by increase in inequality and encouragement to the formation of power centers based on non-

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30. The use of excess refunds of access payments in Hungary, for instance.

social criteria. Salary and bonus incentives are a better way of providing limited material incentives.

Hypothesis 2: Concerning power.

The holders of power in government and in the private market are substantially the same in capitalist countries today;

The holders of power in government and in the private market are likely to be significantly different in socialist countries, and increasingly so as the scope of the market expands. The Party and state apparatus are the power base in the government; private economic wealth is likely to be used to circumvent the necessity for reliance on government and to substitute for state power economic power;

Hypothesis 3: Concerning the effects of profit on equality.

The creation/expansion of a private for-profit market production system in housing is likely to lead to a regressive distribution both of incomes in the construction/housing industry. The expansion of private for-profit exchange transactions, i.e. in the distribution system, is likely to be regressive also, the direction and scope being determined by the distribution of existing housing. The greater the scope of private accumulation, the greater the scope of such regressive redistribution.

Hypothesis 4: Concerning the effects of certain types of prices on equality.

The introduction of prices based on real resource costs or based on measures of use value, and payments for use of housing based on such prices (in place of state allocation), in the absence of private for-market (commodified) production of housing or housing services, will have either a progressive or a regressive effect, depending on whether the allocation of housing by the state is more or less progressive than the allocation of cash incomes, and depending on the existing allocation of housing.

Inclusion of profit in prices charged is likely to shift the effect of prices regressively in favor of and among sellers/producers (Hypothesis 4).

Hypothesis 5. Concerning prices and planning

Increasing the role of price in the allocation of resources in the production of housing, and in the distribution of housing, will provide more information, improve but not substitute for planning, permit wider consumer choice. Such a role is possible whether or not prices include profit.

Hypothesis 6. Concerning the effects on equality of increases/decreases in government action.

Government action in the urban sphere in capitalist countries is likely to be mildly progressive in redistribution during periods of liberal strength, neutral or regressive during periods of conservative domination, but in neither event significantly altering market results;

Hypothesis 7: Concerning the integration of state-market relationships.

The consolidation of market-state relationships, the integration of the two systems, in capitalist societies, serves to reinforce prevailing patterns of power and has a regressive effect on the distribution of housing, since the same forces dominate in each field. In socialist countries, such integration is likely to mean a weakening of prevailing patterns of power in or operating through the state sector, in favor of those created in the market; whether the result will be progressive or regressive depends on what state policies were or will be

Hypothesis 8. Concerning the incentive effects of a market in housing

Given that a desired distribution of income exists, the availability of improved/additional housing at its resource cost makes the distribution of income more meaningful and accentuates the impact of differentials in income, in addition to bringing additional resources into use (soak up savings). It has this effect more fully on the consumption side if profit is not permitted

in the price, since prices will be lower and thus each unit of earned incentive income will produce more. If profit is precluded on the production/sales side, in housing and elsewhere, such incentive as the possibility of accumulation provides is precluded. If profit is permitted elsewhere, however, the incentive of accumulation is available.

Hypothesis 9. Concerning non-market mechanisms (decentralization and citizen participation).

Decentralization has substantial scope for permitting the direct expression of consumer preferences, reducing bureaucracy and increasing efficiency. That scope is most fully realized if combined with direct user participation. This is particularly true in the case of land use planning, housing planning, and allocation policies. Citizens can express their preferences directly, and as equals, through a participatory political process, most easily at the local level. Direct implementation of decisions, without an extensive hierarchical administrative process, is most possible at the local level. Direct contact between producer and user is likely to improve both quality and efficiency.

Hypothesis 10. Concerning the expression of consumer preferences.

The market is a very imperfect mechanism for the expression of consumer preferences. Apart from the well-known deficiencies examined in welfare economics (externalities, public goods, free goods, etc.) the market, under Definition I, shapes as much as it meets consumer preferences. Participatory processes for the making of collective choices and administrative processes for the ascertainment of individual choices can provide alternatives that more fully reflect human needs and desires.[31]

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31. The true moral to be drawn fromthe capitalist experience is that production will never be responsive to consumer needs as long as the initiative lies with the producer... market research... in the capitalist world is directed to finding outhow to bamboozle the housewife...[it] could be directed to discovering what she really needs...No one who has lived in the capitalist world isdeceived by the pretense that the market system ensures consumer sovereignty. Joan Robinson, quoted in Clive Thomas, Dependence and Transformation, p. 269.

Hypothesis 11. Concerning the elements of the informal sector.

The informal sector in housing varies substantially among the countries of East Europe. In most it combines two different elements. One is a reaction to unwanted state inefficiencies in the production of housing (inability to provide for over-time; lack of flexibility in manner of production; lack of diversity in outputs; etc.) the other is the service of needs wanted not to be addressed by state policies (time available for self-help; preference for use-oriented labor; "excess" consumption; the production of housing itself, where, as in Hungary, encouragement for the informal sector is a deliberate means to reduce the scope of state activity). Improvements and/or reforms in state policies will cause the first element in the informal sector to shrink or disappear; the second has an ongoing role to play, but one determined not by the lacunae but by the deliberate decisions of the state sector. The informal sector must be empirically analyzed in each country to see the respective weight of each element. The first element is unnecessary, given sound state policies; the second element can in many cases be rationalized by a further degree of regularization and official state support.

Hypothesis 12. Concerning the co-existence of the informal and state sectors.

The informal sector in housing today involves labor only, or overwhelmingly. As such, it can co-exist with a dominant state sector. The expansion of the informal sector to include the ready possibility of accumulation and increase in ownership of capital cannot co-exist in harmony with the state sector. Capital obeys its own laws, and seeks to expand its scope; its rules will operate no differently if set in a socialist/state framework than in a capitalist framework. It will consistently prevail in any "competition" with state enterprises because its methods are prescribed solely by the drive for its own enlargement, free of the social restraints under which state enterprises work (or, alternatively, state enterprises will behave as if they were private capitalist enterprises, in which case their existence as state enterprises is difficult to justify). If the state attempts to impose social priorities on the informal sector by regulation, rather than itself implement

those priorities through state enterprises, the dynamics will be identical with those of a capitalist economy, in the form of a social democratic welfare state, which is an unstable historic form.[32]

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32. The discussion here follows Szelenyi, Amsterdam paper, esp. p. 7ff., but differs in its conclusions because of differences in assessment of the meaning of a state sector enterprise engaged in "accumulation." I believe the evidence shows that there is no important difference between such an enterprise and a private state-regulated enterprise; viz. the French automobile industry, and that there is a fundamental contradiction between a profit and a social goals motivation. Further, it is likely that the profit-driven enterprise can successfully compete in the world market against social goals-driven enterprises, because of its willingness to exploit labor. For worker control as a partial solution, see Foster, John Bellamy. 1986. The Theory of Monopoly Capitalism: An Elaborationof Marxian Political Economy. New York: Monthly Review Press, p. 214.